

## Message Text

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PAGE 01 GUAYAQ 01224 080151Z  
ACTION XMB-04

INFO OCT-01 ARA-10 ISO-00 EB-08 /023 W  
-----058246 090002Z /21

R 071620Z JUL 78  
FM AMCONSUL GUAYAQUIL  
TO SECSTATE WASHDC 6262  
INFO USDOC WASHDC  
AMEMBASSY QUITO

LIMITED OFFICIAL USE GUAYAQUIL 1224

E.O. 11652: NA  
TAGS: EFIN EC  
SUBJ: FCIA INSURANCE CLAIM NO. M-848-J, GUARANTEED BY  
BANCO LA PREVISORA

REF: (A) STATE 149409 (B) 77 QUITO 43202 (C) 77 GUA-  
YAQUIL 0984 (D) GUAYAQUIL 1040

1. GOE'S INTERVENTION OF LA PREVISORA AS OUTLINED IN  
REFTEL (C) HAS NOT CHANGED AND SHOULD CONTINUE UNCHANGED  
FOR THE FORESEEABLE FUTURE. FURTHER, THERE IS LOCAL  
OPPOSITION TO GOE'S TAKE-OVER OF BANK. APPARENTLY,  
LOCAL BANKS AND LABOR ORGANIZATIONS ARE OPPOSED TO  
GOE'S CONTROLLING THIS COMMERCIAL BANK. SINCE START OF  
INTERVENTION, WE UNDERSTAND BANK HAS PAID OBLIGATIONS  
WHEN SO REQUESTED.

2. ACCORDING TO BANK'S INTERVENTOR, DR. NELSON OVIEDO,  
GOE IS INTERESTED IN REHABILITATING BANK; HOWEVER, PRI-  
VATE FUNDS ARE NOT AVAILABLE TO DO SO. IT NOW APPEARS  
THAT GOE HAS NO CHOICE BUT TO PROVIDE THE NECESSARY  
CAPITAL AND IN THE FUTURE RETURN THE BANK TO THE  
PRIVATE SECTOR. GOE IS NOT INTERESTED IN LIQUI-  
DATING LA PREVISORA TO PAY OBLIGATIONS.

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3. DR. OVIEDO ADVISED THAT HE DESIRES TO HAVE AS  
MANY OUTSTANDING OBLIGATIONS AS POSSIBLE REFINANCED.  
LOCAL BANKERS AND DR. OVIEDO HAVE STATED THAT ANY  
U.S. FIRM OR INSTITUTION HAVING AN OUTSTANDING LOAN  
SHOULD CONTACT LA PREVISORA WITH PROPER DOCUMENTS;  
OR, IN THE CASE OF FERREC, DIRECTLY TO THE LOCAL COM-

PANY TO SETTLE DIFFERENCES AND ARRANGE PAYMENT. WE ARE OF THE OPINION THAT IT IS THE RESPONSIBILITY OF U.S. FIRMS TO STAY CURRENT WITH THE SITUATION AND WORK WITH LA PREVISORA OR THE BORROWER TO OBTAIN SOLUTIONS.

4. OUR UNDERSTANDING IS THAT FERREC'S OBLIGATION TO THE MIAMI BANK HAS BEEN SETTLED. PLEASE CONFIRM.

5. IT APPEARS THAT SOME FIRMS RECEIVING FAVORABLE LOANS FROM LA PREVISORA MIGHT NOT "WEATHER THE STORM TO REMAIN IN BUSINESS" BECAUSE THEY ARE UNABLE TO GENERATE OPERATING CAPITAL. A LOCAL BANK ADVISED THAT SOME FIRMS WILL FOLD BECAUSE THEY ARE HANDLING MARGINAL PRODUCTS. THE FIRM OF PEYAR HAS, TO OUR UNDERSTANDING, BEEN DISSOLVED; IT SOLD TV SETS AND HOUSEHOLD APPLIANCES. HOW MANY OF THESE MARGINAL FIRMS RECEIVING FAVORABLE LOANS FROM LA PREVISORA EXIST AND WHO ARE THEY? WE SHALL DEVOTE EFFORT IN COMING MONTHS TO ANSWER THIS QUESTION.

6. FERREC HANDLES FARM MACHINERY LINE OF ALLIS-CHALMERS. THEIR INSTALLATIONS ARE MODERN AND EFFICIENT. ACCORDING TO A WELL-KNOWN BANK MANAGER, FERREC WILL EVENTUALLY "WEATHER THE STORM" AND CONTINUE TO OPERATE EFFICIENTLY DUE TO THE TYPE OF LIMITED OFFICIAL USE

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PRODUCT IT SELLS.

7. ON THE OTHER HAND, FERREC HAD PLANNED TO BUILD A LARGE INSTALLATION, BUT WE UNDERSTAND PROJECT HAS BEEN CANCELLED BECUASE A LIEN WAS PLACED ON THE LAND BY ECASA. THE LATTER COMPANY IS A QUITO-BASED HOUSEHOLD APPLIANCE MANUFACTURER. THE CONSTRUCTION LINE OF ALLIS-CHALMERS IS SOLD BY TRACMOTOR WHICH IS ANOTHER FIRM THAT RECEIVED FAVORABLE LOANS FROM ANTONIO CALDERON, WHO WAS THE SECOND MAN TO LA PREVISORA'S GENERAL MANAGER. IT IS ALLEGED THAT MR. CALDERON CONTROLS TRACMOTOR AS WELL AS ANOTHER HEAVY EQUIPMENT DISTRIBUTOR CALLED ECIMEX.

8. WE UNDERSTAND ECIMEX WAS ESTABLISHED TEN YEARS AGO AND THAT PRESENTLY, MR. CALDERON HAS REQUESTED FCIA ASSISTANCE. WITH THE EXCEPTION THAT ECIMEX RECEIVED FAVORABLE LOANS FROM LA PREVISORA, THEY APPEAR TO BE IN A GOOD FINANCIAL SITUATION.  
BISHTON

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NNN

## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** INSURANCE, BANKS  
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**Draft Date:** 07 jul 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
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**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Subject:** FCIA INSURANCE CLAIM NO. M-848-J, GUARANTEED BY BANCO LA PREVISORA  
**TAGS:** EFIN, EC, XMB  
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**Review Markings:**  
Sheryl P. Walter  
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